

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

NXP SEMICONDUCTORS USA, INC.,

No. C 14-1225 SI

Plaintiff,

**ORDER GRANTING DEFENDANTS'
MOTIONS TO DISMISS**

v.

FRANCE BREVETS, S.A.S., *et al.*,

Defendants.

On August 22, 2014, the Court held a hearing on defendants' motions to dismiss. For the reasons set forth below, the Court GRANTS the motions and dismisses this case for lack of personal jurisdiction over defendants.

BACKGROUND

On March 14, 2014, plaintiff NXP Semiconductors USA ("NXP USA") filed this declaratory judgment action against three defendants: (1) France Brevets, a French corporation with its principal place of business in Paris, France (2) INSIDE Secure, a French corporation with its principal place of business in Meyreuil, France, and (3) NFC Technology, LLC ("NFCT"), a Delaware limited liability corporation with its principal place of business in Marshall, Texas. NFCT is a wholly-owned indirect subsidiary of France Brevets. The complaint seeks declaratory judgment of non-infringement and

1 invalidity of U.S. Patents Nos. 6,700,551 (“the ‘551 patent”), 7,665,664 (“the ‘664 patent”), and
 2 7,905,419 (“the ‘419 patent”) (collectively, “the Patents in Suit”). The patents-in-suit relate to “near
 3 field communication” (“NFC”) technology. NFC is a wireless technology that is used for contactless
 4 communication between electronic devices, such as between a smart phone and a terminal, and allows
 5 devices such as smart phones to perform many tasks, including unlocking doors, purchasing products,
 6 and accessing services remotely. Compl. Ex. D. The complaint alleges that this action arises from
 7 defendants’ licensing and enforcement efforts with respect to the patents-in-suit.

8 Defendants have moved to dismiss this case for lack of personal and subject matter jurisdiction,
 9 and improper venue.¹

11 **I. The parties**

12 Plaintiff NXP USA is a Delaware corporation with its principal place of business in San Jose,
 13 California. *Id.* ¶ 2. NXP USA sells and offers for sale in the United States semiconductor products with
 14 NFC capability. *Id.* ¶ 33.² One of NXP USA’s products is the NXP PN544 NFC Communication
 15 Controller. *Id.* ¶ 23.

16 Defendant France Brevets is a French corporation with its principal place of business in Paris,
 17 France. *Id.* ¶ 3. France Brevets was created in March 2011 within the framework of a French
 18 governmental initiative, the “Programme d’Investissements d’Avenir” (Program of Future Investments).
 19 *Id.* Ex. D; Richards Decl. Ex. 2-4 (Docket No. 49). France Brevets was established with 50% funding
 20 from the French government and 50% funding from the Caisse de Dépôts et Consignations (the “CDC”).
 21 *Id.* France Brevets is dedicated to patent promotion and monetization in Europe. Compl. Ex. D. France
 22 Brevets does not maintain an office in California. Bégouin-Grenard Decl. ¶ 3. France Brevets does not

24 ¹ Only France Brevets and INSIDE Secure contend that there is no subject matter jurisdiction.
 25 Because the Court finds that there is no personal jurisdiction over these defendants, the Court does not
 reach the issue of subject matter jurisdiction.

26 ² At the hearing, counsel for France Brevets asserted that NXP USA does not actually sell
 27 semiconductor products, and that other NXP entities sell the products. This factual dispute is irrelevant
 to the resolution of the pending motions.

1 have a registered agent in California. *Id.* ¶ 4. France Brevets is not registered or licensed to do business
 2 in California. *Id.* ¶ 2. France Brevets does not own or lease real property in California, or anywhere in
 3 the United States. *Id.* ¶ 5. France Brevets does not own or lease tangible personal property in
 4 California, or anywhere in the United States. *Id.* ¶ 6. France Brevets does not pay taxes in California,
 5 or anywhere in the United States. *Id.* ¶ 7. France Brevets does not have employees in California, or
 6 anywhere in the United States. *Id.* ¶ 8. France Brevets does not advertise to California residents, and
 7 France Brevets does not pay for any print, radio, television, or any other advertising directed to
 8 California residents. *Id.* at ¶ 9. France Brevets does not have any bank accounts in California, or
 9 anywhere in the United States. *Id.* ¶ 10.

10 Defendant NFCT is a Delaware limited liability corporation with its principal place of business
 11 in Marshall, Texas. NFCT was formed on November 19, 2013, as a wholly-owned indirect subsidiary
 12 of France Brevets. Compl. ¶ 19 and Ex. F.³ The corporate formation documents for NFCT state that
 13 the sole manager of NFCT is France Brevets. *Id.* ¶ 19 & Ex. F. NFCT is not licensed to do business
 14 in this district or in California, and NFCT is not doing business this district or in California. Asselot
 15 Decl. ¶ 2. NFCT does not maintain an office in California. *Id.* ¶ 3. NFCT does not have a registered
 16 agent in California. *Id.* ¶ 4. NFCT is not registered or licensed to do business in California. *Id.* ¶ 5.
 17 NFCT does not own or lease real property in California. *Id.* ¶ 6. NFCT does not own or lease personal
 18 property in California. *Id.* ¶ 7. NFCT does not pay taxes in California. *Id.* ¶ 8. NFCT does not have
 19 employees in California. *Id.* ¶ 9. NFCT does not advertise to California residents, and NFCT does not
 20 pay for any print, radio, television, or any other advertising directed to California residents. *Id.* ¶ 10.
 21 NFCT does not have any bank accounts in California. *Id.* ¶ 11.

22 Defendant INSIDE Secure is a French corporation with its principal place of business in
 23 Meyreuil, France. Compl. ¶ 4. INSIDE Secure is a designer, developer and supplier of semiconductors,
 24 embedded software, and platforms for secure transactions and digital security. *Id.*, Ex. D. INSIDE
 25

26 ³ NFCT states that FB Licensing, LLC, a Texas limited liability company, is the whole owner
 27 of NFCT, and that France Brevets is the whole owner of FB Licensing, LLC. NFCT's Motion to
 28 Dismiss at 10 n.3.

Secure owned the '551 and '664 patents prior to assigning them to NFCT after NFCT's formation, and INSIDE Secure owns the '419 patent.

II. Defendants' patent licensing program

In June 2012, France Brevets and INSIDE Secure issued a joint press release announcing the launch of an NFC ("Near Field Communication") patent licensing program. Compl. ¶ 17 & Ex. D. The press release stated that France Brevets will "manage and lead all the efforts under the NFC licensing program," including efforts to license and assert INSIDE Secure's NFC patents. *Id.* In 2013, INSIDE Secure granted to France Brevets "a worldwide exclusive license to grant non-exclusive licenses" of INSIDE Secure's patents included in the NFC Patent Licensing Program. Compl. Ex. E ("NFC Licensing Program Statement"). The NFC Licensing Program Statement states that "France Brevets has full authority to conclude and execute any license agreement with any third party" consistent with the NFC patent licensing program. *Id.*

The complaint alleges "[u]pon information and belief, France Brevets has approached customers of NXP products regarding the licensing and enforcement of patents either assigned to NFCT or assigned to INSIDE Secure and licensed to France Brevets, including the Patents in Suit." Compl. ¶ 22. The complaint alleges, upon information and belief, that France Brevets' licensing efforts have included the presentation of claim charts for infringement of the '551 and '664 patents by products "utilizing a NXP PN544 Communication Controller." *Id.* ¶¶ 23-24. The complaint alleges that "the claim charts contain images of NXP's PN544 product, information derived from the reverse engineering of components of the PN544 product, and excerpts from NXP's documents regarding the PN544 product." *Id.* The complaint also alleges, upon information and belief, that France Brevets' licensing efforts "further included the presentation of information about European Patent No. 1,855,229 and its United States counterpart, the '419 Patent." *Id.* ¶ 25. These licensing efforts included written and verbal communications with United States-based HTC and LG entities. Compl. Ex. H ¶ 22. The HTC entity is a Washington resident, while the LG entities are Delaware and California residents. Compl. Ex. H ¶¶ 2, 5, 6; Exs. 5, 6.

1 On November 19, 2013, defendant NFCT was formed as a wholly-owned indirect subsidiary of
2 France Brevets. Compl. ¶ 19 and Ex. F. The complaint alleges that France Brevets formed NFCT solely
3 to hold and litigate one or more of the patents-in-suit in the Eastern District of Texas. *Id.* ¶¶ 5, 20. On
4 November 28, 2013, INSIDE Secure assigned the ‘551 and ‘664 patents to NFCT. Compl. ¶ 4 & Ex.
5 G. The Assignment states that INSIDE Secure “does hereby sell, assign, transfer and confer unto
6 [NFCT] . . . all right, title, and interest that exist today and may exist in the future in and to” the ‘551
7 and ‘664 patents, including all “enforcement rights under, or on account of” the ‘551 and ‘664 patents.
8 *Id.* Ex. G. INSIDE Secure did not assign the ‘419 patent to NFCT.

9 On December 5, 2013, NFCT filed a complaint in the Eastern District of Texas asserting the ‘551
10 and ‘664 patents against United States-based HTC and LG entities. NFCT’s complaint alleges that the
11 LG and HTC defendants infringe the ‘551 and ‘644 patents because the defendants allegedly sell
12 products “having NXP semiconductor chips and other components with Near Field Communication
13 (NFC) capability.” Compl. ¶ 26 & Ex. H ¶¶ 3, 7. The Texas complaint does not allege infringement of
14 the ‘419 patent. The same day, France Brevets filed complaints in Germany against European HTC and
15 LG entities. Compl. ¶¶ 26, 29; Compl. Ex. H; Exs. 7. France Brevets’ German complaints allege
16 infringement of the European patent counterparts to the three patents-in-suit based on the use of
17 NXP-branded controller chips, including NXP’s PN544 chip. Compl. ¶ 29; Ex. 7 at 23-24, 68-85,
18 102-110; Ex. 8 at 23-24, 68-85, 102-110.

19 On December 9, 2013, France Brevets issued a press release announcing that it had filed “patent
20 infringement lawsuits against LG Electronics and HTC in Germany and in United States for the use of
21 NFC patents in their products.” Compl. ¶ 32 & Ex. I. The press release states that the Texas lawsuit was
22 filed by NFCT, an “affiliate” of France Brevets. *Id.* The press release specifically identifies the ‘551
23 and ‘664 patents asserted in the Eastern District of Texas, and quotes France Brevets’ managing director
24 as stating that France Brevets is “determined to take steps when [infringement and licensing-related]
25 discussions are not conclusive.” *Id.* Ex. I.

LEGAL STANDARD

The parties agree that Federal Circuit law applies to the question of whether personal jurisdiction exists over defendants. *See Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1348 (Fed. Cir. 2002) (“[W]here the personal jurisdictional inquiry is ‘intimately involved with the substance of the patent laws,’ we apply Federal Circuit law.”). Under Federal Circuit law, “before a federal court can exercise personal jurisdiction over a defendant in a federal question case, the court must determine whether an applicable statute potentially confers jurisdiction by authorizing service of process on the defendant, and whether the exercise of jurisdiction would satisfy the requirements of due process.” *Deprenyl Animal Health, Inc. v. Univ. of Toronto Innovations Found.*, 297 F.3d 1343, 1349 (Fed. Cir. 2002).

The “applicable statute” authorizing service of process is the California long arm statute. *See id.* at 1350; Fed. R. Civ. P. 4(e). Because the California long arm statute is coextensive with the limits of due process, “the two inquiries collapse into a single inquiry: whether jurisdiction comports with due process.” *Dainippon Screen Mfg. Co., Ltd. v. CFMT, Inc.*, 142 F.3d 1266, 1270 (Fed. Cir. 1998). Before a court may exercise personal jurisdiction over a non-resident defendant, due process requires that the defendant “have certain minimum contacts with [the forum state] such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.” *Int’l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945).

Plaintiff does not allege that this Court has general personal jurisdiction over any defendant. Instead, plaintiff contends that this Court has specific personal jurisdiction over defendants based on events related to the instant dispute. “Where a defendant is not subject to general personal jurisdiction in the forum state, a district court may nonetheless exercise specific personal jurisdiction over the defendant subject to a three part test: (1) the defendant purposefully directed its activities at residents of the forum, (2) the claim arises out of or relates to those activities, and (3) assertion of personal jurisdiction is reasonable and fair. With respect to the last prong, the burden of proof is on the defendant, which must ‘present a compelling case that the presence of some other considerations would render jurisdiction unreasonable’ under the five-factor test articulated by the Supreme Court in *Burger King*.” *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*, 566 F.3d 1012, 1018 (Fed. Cir. 2009).

“To survive a motion to dismiss in the absence of jurisdictional discovery, plaintiffs need only make a *prima facie* showing of jurisdiction.” *Nuance Commc’ns, Inc. v. Abbyy Software House*, 626 F.3d 1222, 1231 (Fed. Cir. 2010); *Electronics For Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1349 (Fed. Cir. 2003). “In the procedural posture of a motion to dismiss, a district court must accept the uncontroverted allegations in the plaintiff’s complaint as true and resolve any factual conflicts in the affidavits in the plaintiff’s favor.” *Electronics For Imaging*, 340 F.3d at 1349.

DISCUSSION

I. France Brevets’ motion to dismiss

Plaintiff contends that this Court has personal jurisdiction over France Brevets in three independent ways: (1) under 28 U.S.C. § 1330, which provides original jurisdiction over actions against the instrumentalities of foreign states; (2) specific personal jurisdiction based on the patent licensing and enforcement efforts of France Brevets, from which NXP’s declaratory relief claims arise; and (3) pursuant to Federal Rule of Civil Procedure 4(k)(2).

A. Foreign Sovereign Immunities Act of 1976; agency or instrumentality of a foreign state

NXP USA alleges that this Court has subject matter jurisdiction over its declaratory judgment claims and personal jurisdiction over France Brevets under 28 U.S.C. § 1330(a) and (b)⁴ because France Brevets is an agency or instrumentality of a foreign state under 28 U.S.C. § 1603(b), and because this

⁴ Those sections provide;

(a) The district courts shall have original jurisdiction without regard to amount in controversy of any nonjury civil action against a foreign state as defined in section 1603(a) of this title as to any claim for relief in personam with respect to which the foreign state is not entitled to immunity either under sections 1605-1607 of this title or under any applicable international agreement.

(b) Personal jurisdiction over a foreign state shall exist as to every claim for relief over which the district courts have jurisdiction under subsection (a) where service has been made under section 1608 of this title.

28 U.S.C. § 1330(a), (b).

1 action is based on France Brevets' "commercial activity," and thus falls within an exception to foreign
 2 sovereign immunity. "Under the [Foreign Sovereign Immunities Act] . . . personal jurisdiction over
 3 a foreign state exists where subject-matter jurisdiction exists and where proper service has been made.
 4 28 U.S.C. § 1330(b)." *Altmann v. Republic of Austria*, 317 F.3d 954, 969 (9th Cir. 2002).

5 The Foreign Sovereign Immunities Act of 1976 ("FSIA"), 28 U.S.C. § 1602 *et seq.*, "is the
 6 exclusive source of subject matter jurisdiction over all suits involving foreign states or their
 7 instrumentalities." *Gupta v. Thai Airways Intel, Ltd.*, 487 F.3d 759, 763 (9th Cir. 2007). Under the
 8 FSIA, foreign sovereigns enjoy immunity from suit in a federal or state court unless one of several
 9 statutory exceptions apply. *Id.* at 761 n.2, 763; 28 U.S.C. § 1604. Exceptions to the FSIA are set forth
 10 in 28 U.S.C. §§ 1605-1607.

11 Section 1604 of FSIA creates a "statutory presumption that a foreign state is immune from suit."
 12 *Peterson v. Islamic Republic of Iran*, 627 F.3d 1117, 1124 (9th Cir. 2010). The presumption "applies
 13 if it is apparent from the pleadings or uncontested that the defendant is a foreign state." *Id.* at 1125.
 14 Otherwise, to trigger the presumption, "the defendant must make a *prima facie* case that it is a foreign
 15 state." *Id.* at 1124. After the sovereign establishes a *prima facie* case, "the burden of production shifts
 16 to the plaintiff to offer evidence that an exception applies." *Id.* at 1125; *Phaneuf v. Republic of*
 17 *Indonesia*, 106 F.3d 302, 307 (9th Cir. 1997). When the "plaintiff satisfies her burden of production,
 18 jurisdiction exists unless the defendant demonstrates by a preponderance of the evidence that the
 19 claimed exception does not apply." *Id.* at 1125.⁵

20 Plaintiff contends that France Brevets is an agency or instrumentality of France. Under 28
 21 U.S.C. § 1603(b), an "agency or instrumentality of a foreign state" is an entity:

22 (1) which is a separate legal person, corporate or otherwise, and

23 (2) which is an organ of a foreign state or political subdivision thereof, or a majority
 24 of whose shares or other ownership interest is owned by a foreign state or political
 subdivision thereof, and

25 ⁵ The parties do not address how this framework applies when, as here, it is the plaintiff arguing
 26 that the defendant is a foreign state. In this case it is not apparent from the pleadings that the defendant
 27 is a foreign state, and defendant argues that it is not. Thus, the Court finds that in order to trigger the
 presumption, it is plaintiff who must make a *prima facie* case that France Brevets is a foreign state.

(3) which is neither a citizen of a State of the United States as defined in section 1332(c) and (e) of this title, nor created under the laws of any third country.

28 U.S.C. § 1603(b).

The first and third factors are not disputed. At issue is whether France Brevets meets the second factor. NXP contends that France Brevets meets both prongs of subsection (2) because it is an “organ of a foreign state or political subdivision,” and because a majority of France Brevets’ shares or other ownership interest is owned by a foreign state or political subdivision.

1. Organ of a foreign state

Plaintiff contends that France Brevets is an organ of the French government. “In defining whether an entity is an organ, courts consider whether the entity engages in a public activity on behalf of the foreign government. In making this determination, courts examine the circumstances surrounding the entity’s creation, the purpose of its activities, its independence from the government, the level of government financial support, its employment policies, and its obligations and privileges under state law.” *Patrickson v. Dole Food Company*, 251 F.3d 795, 807 (9th Cir. 2001), *aff’d on other grounds*, 538 U.S. 468 (2003). “The entity may be an organ even if it has some autonomy from the foreign government.” *Id.*; *see also Gates v. Victor Fine Foods*, 54 F.3d 1457, 1461 (9th Cir. 1995). “[T]hat the [state] is not directly involved in the day-to-day activities of [the entity] does not mean that it is not exercising control over the entity. . . .”). Consistent with Congress’s intent, the Ninth Circuit defines “organ” “broadly,” noting that,

“‘agency or instrumentality of a foreign state’ could assume a variety of forms, including a state trading corporation, a mining enterprise, a transport organization such as a shipping line or airline, a steel company, a central bank, an export association, a government procurement agency or a department or ministry which acts and is suable in its own name.”

Gates, 54 F.3d at 1460 (9th Cir. 1995) (quoting H.R.Rep. No. 94-1487 (1976), *as reprinted in* 1976 U.S.C.C.A.N. 6604, 6614).

In *Patrickson*, companies that were formerly indirectly owned by the Israeli government argued that they were organs of the Israeli government under the FSIA. The Ninth Circuit held that the

1 companies were not:

2 The Dead Sea Companies argue that, like the oil company in *Corporacion*
3 *Mexicana*, the Companies were government organs created by Israel for the purpose
4 of exploiting the Dead Sea resources owned by the government. The Dead Sea
5 Companies were classified as “government companies” under Israeli law, which
6 gave the government certain privileges reflecting its ownership stake. The
7 government had the right to approve the appointment of directors and officers, as
8 well as any changes in the capital structure of the Companies, and the Companies
9 were obliged to present an annual budget and financial statement to various
10 government ministries. The government could constrain the use of the Companies’
11 profits as well as the salaries of the directors and officers.

12 Although Israeli law granted such authority directly to the Israeli
13 government, it is not considerably different from the control a majority shareholder
14 would enjoy under American corporate law. In contrast to the oil refinery in
15 *Corporacion Mexicana* [*de Servicios Maritimos, S.A. de C.V. v. M/T Respect*, 89
16 F.3d 650, 655 (9th Cir. 1996)], the Dead Sea Companies were not run by government
17 appointees; their employees were not treated as civil servants; nor were the
18 Companies wholly owned by the government of Israel. The Companies could sue
19 and be sued, and could in fact sue the government of Israel (although official Israeli
20 documents describe such disputes as between “a government company and another
21 government body”). Nor did the Companies exercise any regulatory authority, as did
22 the entity in *Gates* [*v. Victor Fine Foods*, 54 F.3d 1457, 1461 (9th Cir. 1995)]. These
23 factors support the district court’s view of the Companies as independent commercial
24 enterprises, heavily regulated, but acting to maximize profits rather than pursue
25 public objectives. Although the question is close, we hold that the Dead Sea
26 Companies were not organs of the Israeli government, but indirectly owned
27 commercial operations, which do not qualify as instrumentalities under the FSIA.

28 *Patrickson*, 251 F.3d at 808 (internal footnote omitted).

29 In contrast, in *California Department of Water Resources v. Powerex Corp.* (“*Powerex II*”), 533
30 F.3d 1087 (9th Cir. 2008), the Ninth Circuit held that a government-owned and government-operated
31 electric power distribution company was an organ of British Columbia. The court found that “[t]he
32 ‘circumstances surrounding Powerex’s creation’ weigh in favor of finding Powerex an organ of British
33 Columbia. It owes its very existence to the Province, which instructed BC Hydro [itself a government
34 agency] to establish a subsidiary that would assist it with its sovereign functions.” *Id.* at 1099. The
35 court also found significant that “BC Hydro wholly owns Powerex and appoints Powerex’s board of
36 directors. That board is made up of inside directors who sit on both BC Hydro’s and Powerex’s boards,
37 and outside directors who are appointed by the inside directors. Any outside directors—i.e., non-BC
38 Hydro directors—on Powerex’s board are subject to the approval of the office of the British Columbia
39 Premier.” *Id.* The purpose of Powerex’s activities demonstrated its public nature because it was

1 marketing surplus power from the BC Hydro system, “the precise mission originally dictated by the
2 Province’s Ministry of Energy, Mines, and Petroleum Resources.” *Id.* at 1100. In addition, “[u]nder
3 the direction of the Provincial government, Powerex fulfills the goals of the Power for Jobs
4 Development Act, the purpose of which is ‘to help ensure that British Columbia’s electric power
5 resources contribute to the creation and retention of jobs in British Columbia and to regional economic
6 development.’” *Id.* Powerex was also involved in sovereign functions such as treaty formation and
7 implementation, and “Powerex was to serve as the vehicle for the Province’s now-abandoned attempt
8 to create an auction market for electricity trading.” *Id.* The court noted that Powerex was restrained
9 by provincial regulations and directives applicable to government corporations, that the Province could
10 limit Powerex’s ability to enter banking and other financial arrangements, and that Powerex’s financial
11 operations were reviewed by the Province’s comptroller general. *Id.* at 1101. The court found that
12 “[a]lthough Powerex may enjoy a limited degree of tactical independence, its purposes and
13 strategies—indeed, its continued existence—are determined by the Province.” *Id.* Finally, the Ninth
14 Circuit noted that Powerex did not pay federal or provincial income tax, which was a special privilege
15 under Canadian law, and that Powerex’s profits were entirely rebated directly or indirectly to British
16 Columbia. *Id.* at 1102.

17 Similarly, in *Gates v. Victor Fine Foods*, the Ninth Circuit held that a Canadian marketing board
18 established pursuant to Canadian law as exclusive marketing agent for the sale of hogs in the Province
19 of Alberta was an agency or instrumentality of Canada. The court found it significant that a
20 governmental body called the Alberta Agricultural Products Marketing Council played an active
21 supervisory role over the board, including the fact that “the Council may authorize the board to issue
22 regulations requiring [hog] producers, among other things, to produce according to quotas, to furnish
23 information relating to the production and marketing of specified products, and to pay service charges.”
24 *Gates*, 54 F.3d at 1461. The Ninth Circuit also noted that Canadian law “establishes a mechanism
25 whereby a producer who is dissatisfied with a board decision can appeal to an appellate body appointed
26 by the Minister. . . . In this way the board resembles an administrative agency.” *Id.* (internal citations
27 omitted). Further, board members were immune “from liability for acts performed in good faith in
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1 carrying out their duties, a protection normally afforded to governmental actors.” *Id.* (internal citation
2 omitted); *see also Corporacion Mexicana de Servicios Maritimos, S.A. de C.V. v. M/T Respect*, 89 F.3d
3 650, 655 (9th Cir. 1996) (holding Mexican oil refinery was an organ of Mexico where it was entirely
4 owned by the government, controlled by government appointees, employed only public servants, and
5 had the exclusive responsibility for refining and distributing Mexican government property).

6 The Court concludes that France Brevets is more similar to the “heavily regulated” but
7 “independent commercial enterprises” in *Patrickson* than the entities in *Powerex II*, *Gates*, and
8 *Corporacion Mexicana*, and thus that France Brevets is not an “organ or instrumentality” of the French
9 state. Certain aspects of France Brevets’ creation and structure do weigh in favor of finding that it is
10 an organ or instrumentality of France, such as the facts that France Brevets was created pursuant to a
11 French public initiative with funding from the French government and the CDC (itself, as discussed
12 *infra*, an agency of the French government). In addition, France Brevets has an eight-member Board of
13 Directors, consisting of four representatives from the French Republic and four representatives from
14 CDC, *see Bégouin-Grenard Decl.* ¶ 13, and similar to the companies in *Patrickson* and *Gates*, the Board
15 exercises supervisory authority such as the authority to appoint and dismiss the Director General of
16 France Brevets, as well as the authority to approve the annual budgets and business plans proposed by
17 the Director General. Auchter Decl. Ex. F at § 4.1. At the same time, however, France Brevets was
18 established as a standard limited liability company under French law, and counsel stated at the hearing
19 that France Brevets does not enjoy any special tax status in France and that it pays taxes to France.
20 Further, France Brevets is a distinct juridical entity that is authorized to sue and be sued in its name, and
21 unlike the *Powerex II* utility or the *Gates* marketing board, France Brevets does not exercise regulatory
22 authority in France. Bégouin-Grenard Decl. ¶ 14. The stated operating methodology of France Brevets
23 is as follows:

24 France Brevets shall acquire licensing rights to patents through research
25 establishments and entities and through private companies located in France or
26 abroad. Its purpose is to build a broad portfolio of intellectual property rights,
enhance their value by combining them in technological clusters and organize their
marketing in the form of licenses to European and global businesses.

27 *Id.* ¶ 1.2. Thus, France Brevets is more similar to a private company acting to maximize profits, as
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1 opposed to an arm of the state conducting sovereign functions such as treaty negotiation and
 2 implementation or distributing government resources. In addition, although France Brevets pays
 3 dividends to the French state, France Brevets also operates as a private corporation by paying royalties
 4 to the patent owners “after compensation for the equity committed by France Brevets.” *Id.* ¶¶ 2.4, 4.3.
 5 Finally, France Brevets does not employ civil servants, Bégouin-Grenard Decl. ¶ 16, which is an
 6 additional factor in support of the finding that France Brevets is not an organ of the French government.

7 Accordingly, the Court concludes that France Brevets is not an organ of the French state.

8

9 **2. Majority of shares owned by a foreign state or political subdivision**

10 Alternatively, plaintiff contends that France Brevets is an agency or instrumentality of a foreign
 11 state because a majority of France Brevets’ shares or other ownership interest is owned by France or
 12 French political subdivision. France Brevets is 50% owned by France and 50% owned by the CDC.
 13 NXP USA argues that the CDC is a political subdivision of France, and therefore that France Brevets
 14 is wholly owned by the government of France.

15 The CDC was created by Chapter X of the Finance Act of April 28, 1816. Richards Decl., Ex
 16 18. The CDC describes itself as “a long-term investor serving France’s public interest and economic
 17 development. It operates businesses in four different sectors: banking services, savings funds, the
 18 pensions and solidarity sector and regional development.” Auchter Decl. Ex. B at 7. The French
 19 Parliament “exercises control over [the CDC’s] activities and guarantees its autonomy.” Richards Decl.,
 20 Ex. 18. The Parliament exercises this dual mission through a thirteen-member supervisory committee
 21 comprised of four members of the French Parliament, a representative of the Highest Administrative
 22 Court, two representatives from the Court of State Auditors, the Governor of the Bank of France, the
 23 Director of the French Treasury, and three “qualified figures” appointed by the heads of the French
 24 Chamber of Deputies and the French Senate. Richards Decl., Ex. 21. The supervisory board “monitors
 25 the management of [the CDC], making comments to the Chairman and Chief Executive Officer to
 26 inspire his management, without him being obliged to apply them.” *Id.* The Chief Executive Officer
 27 also takes an oath to “defend the establishment’s autonomy and to guarantee the inviolability of funds
 28

entrusted to it.” Docket No. 51, Ex. E. The 1816 law further provides that the Chief Executive Officer is personally and financially responsible for the management of the funds conferred upon the CDC. Richards Decl., Ex., 18.

“The term ‘political subdivisions’ includes all governmental units beneath the central government, including local governments.” H.R. Rep. No. 94-1487 (1976), at 15, *reprinted in* 1976 U.S.C.C.A.N. 6604, at 6613. To determine whether the CDC is a foreign state (or political subdivision thereof) as opposed to an agency and instrumentality of a foreign state, the Court applies the “core functions” test, which examines whether the entity is “an integral part of a foreign state’s political structure or, by contrast, an entity whose structure and function is predominantly commercial.”⁶ *Ministry of Def. & Support for the Armed Forces of the Islamic Republic of Iran v. Cubic Defense Sys., Inc.* (“*Ministry of Defense*”), 495 F.3d 1024, 1035 (9th Cir. 2007) (internal quotation marks omitted), *rev’d on other grounds, Ministry of Def. & Support for the Armed Forces of the Islamic Republic of Iran v. Elahi*, 556 U.S. 366 (2009). In *Ministry of Defense*, the Ninth Circuit held that the Iranian Ministry of Defense was part of the Iranian state and not an instrumentality because “the powers to declare and wage war are so intimately connected to a state’s sovereignty.” 495 F.3d at 1035. The Ninth Circuit found that there was no evidence that the ministry was a “separately constituted legal entity” distinct

⁶ The FSIA treats foreign states (and political subdivisions) and instrumentalities of foreign states differently with respect to the scope of immunities provided and service of process. As the Ninth Circuit has noted,

Congress seemed exceedingly conscious of the distinction between foreign states, political subdivisions, and agencies or instrumentalities of foreign states and political subdivisions. It could easily have stated that an entity must be owned by a foreign state, a political subdivision or an agency or instrumentality of a foreign state or political subdivision. It did not. Moreover, a contrary reading of the statute could expand immunity far beyond what Congress intended. As it is written, the Act provides potential immunity to entities that are either organs of a foreign state or political subdivision thereof or have a majority of shares owned by the foreign state or political subdivision. To add to that list entities that are owned by an agency or instrumentality would expand the potential immunity considerably because it would provide potential immunity for every subsidiary in a corporate chain, no matter how far down the line, so long as the first corporation is an organ of the foreign state or political subdivision or has a majority of its shares owned by the foreign state or political subdivision.

Gates, 54 F.3d at 1461.

1 from the Iranian state:

2 [The plaintiff] has not established that MOD is “primarily responsible for its own
3 finances,” that it is run as a “distinct economic enterprise,” that it operates with
4 “independence from close political control,” or that it exhibits any of the traits – other
5 than the capacity to sue and be sued – that the Court has identified as characteristic of
6 a “separately constituted legal entity.” [*First Nat. City Bank v. Banco Para El
Comercio Exterior de Cuba (Bancec)*], 462 U.S. 611, 624 (1983).] As such, Elahi has
7 failed to overcome the presumption that MOD constitutes an inherent part of the state
8 of Iran.

9 *Id.* at 1035-36.

10 Other courts have similarly held that government departments and ministries are political
11 subdivisions under the FSIA. *See e.g., Magness v. Russian Fed’n*, 247 F.3d 609, 613 (5th Cir. 2001)
12 (Russian Ministry was a “political subdivision,” but the Russian State Diamond Fund was a government
13 agency that was not a political subdivision); *S & Davis Int’l, Inc. v. Republic of Yemen*, 218 F.3d 1292,
14 1298 (11th Cir. 2000) (describing Yemeni Ministry of Supply & Trade as political subdivision of
15 Yemen for purposes of determining legal status of entity controlled by Ministry); *Transaero, Inc. v. La
Fuerza Aerea Boliviana*, 30 F.3d 148, 150 (D.C. Cir. 1994) (Bolivian Air Force was a foreign state and
16 not instrumentality); *Roeder v. Islamic Republic of Iran*, 333 F.3d 228, 234 (D.C. Cir. 2003) (Iranian
17 Ministry of Foreign Affairs was a foreign state and not instrumentality); *Garb v. Republic of Poland*,
18 440 F.3d 579, 594 (2d Cir. 2006) (Polish Ministry of the Treasury was a foreign state, rather than an
19 agency or instrumentality, because its core function was “to hold and administer the property of the
20 Polish state,” which was “indisputably governmental.”).

21 The Court concludes that the CDC is not an integral part of France’s political structure, but
22 rather that its structure and function is predominantly commercial, and that it operates with a significant
23 degree of independence from France. As an initial matter, the Court notes that the CDC has already
24 been held to be an instrumentality of France, see *Freund v. The Republic of France*, 592 F. Supp. 2d
25 540, 555 (S.D.N.Y. 2008), and plaintiff has not cited any cases holding that the CDC is a political
26 subdivision of France. While France exercises some degree of control and involvement in the CDC
27 through the supervisory board, French law guarantees the autonomy of the CDC, and the CEO of the
28 CDC is personally and legally responsible for the CDC’s finances. Thus, the record shows that the CDC

1 is “primarily responsible for its own finances,” that it is run as a “distinct economic enterprise,” that it
 2 operates with “independence from close political control.” *See Ministry of Defense*, 495 F.3d at 1035-
 3 36; *Bancec*, 462 U.S. at 624.

4 Plaintiff cites *O’Connell Machinery Co. v. M.V. “Americana”*, 734 F.2d 115 (2d Cir. 1984), for
 5 the proposition that financial entities can be political subdivisions. However, the Court does not hold
 6 that a financial entity cannot, as a matter of law, be a political subdivision under the FSIA, and instead
 7 simply holds that under the facts of this case plaintiff has not shown that the CDC is a political
 8 subdivision of France. In addition, *O’Connell Machinery* contains very little information about the
 9 entity at issue except for the fact that it was “under the direct control of the Istituto per la Ricostruzione
 10 Industriale, a public financial entity which coordinate[d] the management of the commercial enterprises
 11 of the Italian Government,” *id.* at 116, and thus *O’Connell Machinery* is not helpful to this Court’s
 12 analysis regarding the characterization of the CDC.⁷

13 14 **B. Specific personal jurisdiction**

15 Alternatively, NXP USA contends that the Court has jurisdiction over France Brevets under
 16 ordinary principles of specific personal jurisdiction. In a declaratory judgment action, “[t]he relevant
 17 inquiry for specific personal jurisdiction purposes then becomes to what extent has the defendant
 18 patentee ‘purposefully directed [such enforcement activities] at residents of the forum,’ and the extent
 19 to which the declaratory judgment claim ‘arises out of or relates to those activities.’” *Avocent Huntsville*
 20 *Corp. v. Aten Intern. Co., Ltd.*, 552 F.3d 1324, 1332 (quoting *Breckenridge Pharm., Inc. v. Metabolite*
 21 *Labs., Inc.*, 444 F.3d 1356, 1363 (Fed. Cir. 2006). A declaratory judgment claim “neither directly arises
 22 out of nor relates to the making, using, offering to sell, selling, or importing of arguably infringing
 23 products in the forum, but instead arises out of or relates to the activities of the defendant patentee in
 24 enforcing the patent or patents in suit.” *Id.* at 1332. In addition, “the mere sale of defendant’s products
 25

26 ⁷ As the Court has concluded that France Brevets is not an agency or instrumentality of France,
 27 the Court finds it unnecessary to reach the parties’ arguments regarding whether the commercial activity
 28 exception to foreign sovereign immunity applies here.

1 – whether covered by the patents in suit or not – is not sufficient to establish specific personal
2 jurisdiction in a declaratory judgment suit.” *Id.* at 1338.

3 The Federal Circuit has long held that a letter threatening litigation is an insufficient basis for
4 asserting personal jurisdiction over a patent holder. *See, e.g., Inamed Corp. v. Kuzmak*, 249 F.3d 1356,
5 1361 (Fed. Cir. 2001) (“We have, however, repeatedly held that the sending of an infringement letter,
6 without more, is insufficient to satisfy the requirements of due process when exercising jurisdiction over
7 an out-of-state patentee.”). Thus, “[f]or the exercise of personal jurisdiction to comport with fair play
8 and substantial justice, there must be ‘other activities’ directed at the forum and related to the cause of
9 action besides the letters threatening an infringement suit.” *Silent Drive, Inc. v. Strong Indus., Inc.*, 326
10 F.3d 1194, 1202 (Fed. Cir. 2003). The Federal Circuit has found personal jurisdiction “where such
11 ‘other activities’ in some identifiable way ‘relate to’ enforcement of those patents in the forum.”
12 *Avocent*, 552 F.3d at 1334.

13 Examples of these “other activities” include initiating judicial or extra-judicial patent
14 enforcement within the forum, or entering into an exclusive license agreement or
15 other undertaking which imposes enforcement obligations with a party residing or
16 regularly doing business in the forum. *See Campbell Pet Co. v. Miale*, 542 F.3d 879,
17 886 (Fed. Cir. 2008) (finding jurisdiction over a patentee whose “extra-judicial
18 patent enforcement,” namely, enlisting a third party to remove defendant’s products
19 from a trade show that was being held in the forum state, went beyond merely
20 informing the defendant of its alleged infringement); *Breckenridge [Pharmaceutical,*
21 *Inc. v. Metabolite Laboratories, Inc.*, 444 F.3d 1356, 1366 (Fed. Cir. 2006)] (“Here,
22 in addition to sending letters into the forum state, . . . Metabolite has entered into an
23 *exclusive license* with PamLab, a company that . . . conducts business in Florida.”
24 (emphasis added)); *Silent Drive [Inc. v. Strong Industries, Inc.*, 326 F.3d 1194, 1202
25 (Fed. Cir. 2003)] (noting that “[e]xclusive license agreements with respect to the
26 patents at issue with residents of the forum . . . have, at least in some circumstances,
27 been held sufficient to confer personal jurisdiction” (emphasis added)); *Inamed*
28 *[Corp. v. Kuzmak*, 249 F.3d 1356, 1361 (Fed. Cir. 2001)] (finding jurisdiction over
a patentee who had previously “granted [the plaintiff] *an exclusive license* to practice
the inventions claimed in the [relevant] patents” (emphasis added)); *Red Wing Shoe*
[Co., Inc. v. Hockerson-Halberstadt, Inc.], 148 F.3d 1355, 1362 (Fed. Cir. 1998)]
(noting that in *Akro*, “[i]n light of the patentee’s substantial contacts with its
exclusive licensee, this court determined that the patent was a sufficient nexus
between the contacts and the cause of action to establish ‘specific jurisdiction.’”
(emphasis added)); *Genetic Implant Sys. [Inc. v. Core-Vent Corp.]*, 123 F.3d 1455,
1458 (Fed. Cir. 1997)] (finding jurisdiction over a patentee who “contracted with [an
exclusive distributor] to sell [the] patented products in [the forum State]” where the
agreement was “*analogous to a grant of a patent license*” (emphasis added)); *Viam*
[Corp. v. Iowa Export-Import Trading Co.], 84 F.3d 424, 430 (Fed. Cir. 1996)]
(finding jurisdiction where “according to their own submission to this court, [the
defendants] have initiated *a suit seeking to enforce the same patent* that is the subject

of this suit against other parties, unrelated to this action, in the same district court” (emphasis added)); *Akro [Corp. v. Luker*, 45 F.3d 1541, 1543, 1548-49 (Fed. Cir. 1995)] (finding jurisdiction over patentee who had *exclusively licensed* the plaintiff’s local competitor to practice the relevant patent, where the license agreement also “oblige[d] [the patentee] ‘to defend and pursue any infringement against’ the [relevant] patent” (emphasis added)).

Id.

Plaintiff contends that there is specific personal jurisdiction over France Brevets (and the other defendants as France Brevets’ agents and/or alter egos) because France Brevets is “directing a public patent enforcement campaign directed at products sold by NXP, a resident of California, and customers that use NXP-branded products, including at least one already-sued California customer.” Opp’n to France Brevets’ Mtn. at 14:18-20. Plaintiff argues that France Brevets’ enforcement efforts are directed, at least in part, towards California because “France Brevets’ press release announcing NFCT’s lawsuit publicly trumpets this litigation affecting California residents, thereby threatening potential sales for NXP – a California resident.” *Id.* at 16:18-20. In addition, plaintiff notes that the same press release also announced that France Brevets’ licensing efforts targeted the LG entities sued by NFCT, and that those LG entities include a California resident with offices in San Diego and San Jose who were “previously provided written and verbal notice of the NFC Technology Patents as well as LG’s infringement of each such patent.” *Id.* at 16:23-25 (quoting press release). Plaintiff argues that these “other contacts” are sufficient to establish personal jurisdiction.

The Court disagrees. “[E]nforcement activities taking place outside the forum state do not give rise to personal jurisdiction in the forum” *Radio Sys. Corp. v. Accession, Inc.*, 638 F.3d 785, 792 (Fed. Cir. 2011); *Avocent*, 552 F.3d at 1339 (“We are aware of no precedent that holds that the filing of a suit in a particular state subjects that party to specific jurisdiction elsewhere.”). In *Radio Systems*, a Delaware corporation with its principal place of business in Tennessee filed a declaratory relief action in Tennessee against a New Jersey corporation. The plaintiff argued that the Tennessee court had specific jurisdiction over the nonresident defendant because the defendant’s president had sent letters, e-mails, and made phone calls to the Tennessee corporation in an effort to license the defendant’s patent; the defendant’s president traveled to Tennessee to meet with the plaintiff to demonstrate the defendant’s

1 product; the defendant sent cease-and-desist e-mails and letters to Tennessee threatening litigation; and
2 the defendant contacted the PTO (in Virginia) to alert the examiner for the plaintiff's pending
3 application of the existence of the defendant's patent, resulting in the withdrawal of a notice of
4 allowance previously issued for the plaintiff's application. *Id.* at 788, 790-92.

5 The Federal Circuit held that these contacts were insufficient. The court held that some of the
6 contacts, including the trip by the defendant's president to Tennessee, related to attempts to
7 commercialize or license the patent, and such contacts do not give rise to a declaratory judgment action.
8 *Id.* at 790. The court also held that under long-standing Federal Circuit precedent, the cease and desist
9 letters and e-mails were not, on their own, sufficient to establish personal jurisdiction. *Id.* at 791. With
10 regard to the defendant's contacts with the PTO, the court held that "Accession's contacts with the PTO
11 d[o] not support Radio Systems' jurisdictional argument because those contacts were directed at
12 Virginia (the site of the PTO) rather than Tennessee." *Id.* at 792; *cf. Electronics for Imaging*, 340 F.3d
13 at 1351 (finding personal jurisdiction over nonresident defendant where, *inter alia*, defendant had hired
14 an attorney in the forum state to assist with enforcement of its patent rights and the attorney, as the agent
15 for the defendant, engaged in communications with the plaintiff relating to the enforcement of the
16 patent).

17 Here, all of the enforcement efforts occurred overseas, such as the issuance of the France Brevets
18 press release and the filing of the German lawsuit, or – assuming that NFCT is France Brevets' alter
19 ego/agent, and thus imputing NFCT's contacts to France Brevets – in Texas. The only alleged
20 connection to California is attenuated: plaintiff alleges that defendant's enforcement activities will be
21 felt in California because NXP is a California resident, and that NXP may lose sales as a result of
22 NFCT's lawsuit against NXP's customers, one of whom is a California resident. Plaintiff does not cite
23 any authority holding that there is specific personal jurisdiction in such circumstances, and to the
24 contrary, Federal Circuit case law strongly suggests otherwise. Further, two judges from the Northern
25 District have held, under very similar facts, that there is no personal jurisdiction over a nonresident
26 defendant based upon the defendant filing infringement lawsuits outside of California. *See Key Source*
27 *Intern. v. CeeColor Industries, LLC*, C 12-1776 WHA, 2012 WL 6001059, at *3-4 (N.D. Cal. Nov. 30,

2012) (dismissing declaratory relief action against nonresident defendant for lack of personal jurisdiction where defendant sent cease and desist letters to resident plaintiff and sued plaintiff for infringement in Delaware); *Juniper Networks, Inc. v. SSL Servs., LLC*, No. C 08-5758 SBA, 2009 WL 3837266, at *4 (N.D. Cal. Nov. 16, 2009), *aff'd without opinion*, 404 Fed. App'x 499 (Fed. Cir. Dec. 13, 2010), *reh'g denied* (Jan. 31, 2011) (“Tellingly, Juniper cites no authority to support its novel argument that the act of filing a lawsuit against an alleged California resident – in a Texas district court – is sufficient to make a *prima facie* showing that it has purposefully availed ‘itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws.’”).

Accordingly, the Court concludes that plaintiffs has not made out a *prima facie* case of specific personal jurisdiction.

C. Rule 4(k)(2)

Plaintiff also contends that this Court has personal jurisdiction over France Brevets pursuant to Federal Rule of Civil Procedure 4(k)(2). That rule provides,

(2) Federal Claim Outside State-Court Jurisdiction. For a claim that arises under federal law, serving a summons or filing a waiver of service establishes personal jurisdiction over a defendant if:

(A) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction; and

(B) exercising jurisdiction is consistent with the United States Constitution and laws.

Fed. R. Civ. Proc. 4(k)(2). “Thus, for a court to exercise personal jurisdiction over a defendant under that rule, the plaintiff’s claim must arise under federal law, the defendant must not be subject to jurisdiction in any state’s courts of general jurisdiction, and exercise of jurisdiction must comport with due process.” *Touchcom, Inc. v. Bereskin & Parr*, 574 F.3d 1403, 1412 (Fed. Cir. 2009). “The third requirement under Rule 4(k)(2) – the due process analysis – contemplates a defendant’s contacts with the entire United States, as opposed to the state in which the district court sets.” *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com de Equip Medico*, 563 F3d 1285, 1295 (Fed. Cir. 2009) (finding jurisdiction under Rule 4(k)(2) over foreign defendant where contacts with the United States included “attendance at trade

1 shows, purchases of parts and a machine, the sale of a product for a veterinary application to one
2 customer, and a pair of consultations about product development” and jurisdiction was reasonable and
3 fair because, *inter alia*, defendant had traveled to United States repeatedly and plaintiff alleged that
4 defendant imported infringing product into United States). The Federal Circuit has held that “the
5 purposes of Rule 4(k)(2) are best achieved when the defendant is afforded the opportunity to avoid the
6 application of the rule only when it designates a suitable forum in which the plaintiff could have brought
7 suit. The advisory committee was concerned with defendants escaping jurisdiction in U.S. federal courts
8 while still having minimum contacts with the United States.” *Touchcom*, 574 F.3d at 1415.

9 Plaintiff argues that this case arises under federal law because this is a declaratory judgment
10 patent case and that France Brevets appears to contend it is not subject to jurisdiction anywhere in the
11 United States. Plaintiff argues that the third element is satisfied because “France Brevets’ and its alter
12 ego’s contacts with United States generally, when combined with its conduct directed at California,
13 establish personal jurisdiction under Rule 4 (k)(2)).” Opp’n to France Brevets’ Mtn. at 19:21-22.
14 Plaintiff’s arguments regarding the third element are essentially the same as its specific jurisdiction
15 arguments, namely that “France Brevets manages the patent licensing program, under which it has
16 threatened United States companies using NXP-branded products, obtained exclusive rights to United
17 States patents, is asserting United States patents, and is gathering information to bring infringement
18 claims against NXP.” *Id.* at 19:23-20:4.

19 France Brevets asserts that it does not have sufficient minimum contacts with the United States
20 to create personal jurisdiction anywhere, but that if the Court determines that France Brevets has
21 minimum contacts with this country, the Eastern District of Texas is the appropriate venue. The Court
22 agrees. As discussed above, France Brevets did not take any action in California, nor does plaintiff
23 allege that France Brevets itself – as opposed to its alleged alter ego/agent NFCT – has engaged in any
24 conduct in the United States giving rise to this declaratory judgment action. To the contrary, all of
25 France Brevets’ conduct occurred overseas. Even assuming that NFCT is France Brevets’ alter ego or
26 agent, at the very most that would support a finding of personal jurisdiction in the Eastern District of
27 Texas, not California. Plaintiff has not demonstrated that France Brevets has sufficient minimum
28

1 contacts with the United States such that it would be fair and reasonable for this Court to exercise
2 personal jurisdiction over France Brevets.

3
4 **II. NFCT's motion to dismiss**

5 Plaintiff contends that this Court has specific personal jurisdiction over NFCT because NFCT
6 is an alter ego and/or agent of France Brevets.⁸ For the reasons set forth above, the Court lacks personal
7 jurisdiction over France Brevets, and thus even assuming that NFCT is an alter ego and/or agent of
8 France Brevets, the Court also lacks personal jurisdiction over NFCT. Plaintiff's reliance on *Google*
9 *Inc. v. Rockstar Consortium U.S. LP*, C 13-5933 CW, 2014 WL 1571807 (N.D. Cal. Apr. 17, 2014), is
10 misplaced because in that patent declaratory judgment action, Judge Wilken held that there was specific
11 jurisdiction over nonresident defendants because "Google has shown that it is likely that Defendants
12 have created continuing obligations with a forum resident to marshal the asserted patents such that it
13 would not be unreasonable to require Defendants to submit to the burdens of litigation in this forum."
14 *Id.* at *7.

15 Plaintiff also requests the opportunity to conduct jurisdictional discovery regarding NFCT's
16 relationships with France Brevets and INSIDE Secure. Plaintiff also proposes to seek documents and
17 testimony regarding the governance, officers, and employees of NFCT, and plaintiff states that it
18 believes that such discovery will establish that NFCT's employees are all associated with and
19 compensated by France Brevets. Plaintiff states that it would also seek documents and testimony
20 reflecting NFCT's licensing and enforcement efforts. *See* Opp'n to NFCT's Mtn. at 14:16-21.
21 Defendant opposes such discovery on the ground that it is unnecessary because plaintiff has failed to
22 make a *prima facie* showing of personal jurisdiction.

23 The Federal Circuit reviews "the district court's denial of discovery, an issue not unique to patent
24 law, for abuse of discretion, applying the law of the regional circuit." *Autogenomics Inc.*, 566 F.3d at
25 1021-22 (citing *Pebble Beach Co. v. Caddy*, 453 F.3d 1151, 1154 (9th Cir. 2006)). In the Ninth Circuit,

26
27 ⁸ Plaintiff has apparently abandoned the allegation that NFCT is itself an agency or
instrumentality of a foreign state. *See* Compl. ¶ 7.

1 “discovery should ordinarily be granted where pertinent facts bearing on the question of jurisdiction are
 2 controverted or where a more satisfactory showing of the facts is necessary.” *Laub v. U.S. Dep’t of the*
 3 *Interior*, 342 F.3d 1080, 1093 (9th Cir. 2003) (quoting *Butcher’s Union Local No. 498 v. SDC Inv., Inc.*,
 4 788 F.2d 535, 540 (9th Cir. 1986)). “A trial court may deny jurisdictional discovery when it is clear that
 5 further discovery would not demonstrate facts sufficient to constitute a basis for jurisdiction, or where
 6 the request for discovery is based on little more than a hunch that it might yield jurisdictionally relevant
 7 facts.” *Nuance Communications, Inc. v. Abbyy Software House*, 626 F.3d 1222, 1235-36 (Fed. Cir.
 8 2010) (citing and quoting Ninth Circuit case law, internal citations and quotation marks omitted).

9 Here, the proposed jurisdictional discovery regarding the relationship between the defendants,
 10 as well as regarding the structure and governance of NFCT, would not be helpful because even assuming
 11 an alter ego or agency relationship amongst the defendants, there are no contacts by any defendant with
 12 this forum that give rise to plaintiff’s claims. With regard to the proposed discovery on NFCT’s
 13 licensing and enforcement efforts, plaintiff has not asserted any basis for believing that NFCT has such
 14 contacts in California that could provide a basis for specific personal jurisdiction. Accordingly, the
 15 Court exercises its discretion and DENIES plaintiff’s request to conduct jurisdictional discovery.

16 17 **III. Defendant Inside Secure’s motion to dismiss**

18 **A. Specific jurisdiction**

19 Plaintiff contends that France Brevets and NFCT are INSIDE Secure’s agents, and thus that their
 20 contacts can be imputed to INSIDE Secure for purposes of specific personal jurisdiction.⁹ As an initial
 21 matter, the Court notes that the complaint does not allege that NFCT is an agent of INSIDE Secure, and
 22 only alleges in a conclusory fashion that France Brevets is an agent of INSIDE Secure. More
 23 importantly, even assuming an agency or alter ego relationship, neither France Brevets nor NFCT has

24
 25 ⁹ Plaintiff has apparently abandoned the argument that specific jurisdiction over INSIDE Secure
 26 can be based on INSIDE Secure’s California subsidiary’s contacts with California. *Compare* Compl.
 27 ¶ 10 (alleging as basis for personal jurisdiction that “Additionally, upon information and belief, INSIDE
 28 Secure has a United States subsidiary with its principal place of business at 555 Twin Dolphin Drive,
 Suite 620, Redwood City, California.”) *with* Opp’n to INSIDE Secure’s Mtn. at 7 n.5 (plaintiff states
 that it “is not alleging alter ego or agency with regard to INSIDE Secure’s California subsidiary.”).

1 contacts with California giving rise to this declaratory relief action, and therefore even if their contacts
2 are imputed to INSIDE Secure, there is no basis for specific personal jurisdiction over INSIDE Secure.
3 Further, for the reasons stated above, plaintiff's request for jurisdictional discovery is DENIED.

4
5 **B. Rule 4(k)(2)**

6 Plaintiff also contends that there is personal jurisdiction over INSIDE Secure pursuant to Rule
7 4(k)(2). INSIDE Secure contends that Rule 4(k)(2) is inapplicable because 35 U.S.C. § 293, the patent
8 long-arm statute, provides for personal jurisdiction in the Eastern District of Virginia for claims
9 involving infringement or validity of the patents it owns. 35 U.S.C. § 293 provides,

10 Every patentee not residing in the United States may file in the Patent and Trademark
11 Office a written designation stating the name and address of a person residing within
12 the United States on whom may be served process or notice of proceedings affecting
13 the patent or rights thereunder. If the person designated cannot be found at the
14 address given in the last designation, or if no person has been designated, the United
15 States District Court for the Eastern District of Virginia shall have jurisdiction and
16 summons shall be served by publication or otherwise as the court directs. The court
17 shall have the same jurisdiction to take any action respecting the patent or rights
18 thereunder that it would have if the patentee were personally within the jurisdiction
19 of the court.

20 35 U.S.C. § 293.

21 Plaintiff does not dispute that it could have brought its declaratory relief claims regarding the
22 '419 patent against INSIDE Secure in the Eastern District of Virginia. Rule 4(k)(2) is inapplicable
23 where there is "a suitable forum in which the plaintiff could have brought suit." *Touchcom*, 574 F.3d
24 at 1403. Accordingly, plaintiff has not demonstrated that this Court has personal jurisdiction over
25 INSIDE Secure pursuant to Rule 4(k)(2).

26 ///

CONCLUSION

For the reasons stated in this order, the Court concludes that it lacks personal jurisdiction over defendant's, and accordingly GRANTS defendants' motions to dismiss. This order resolves Docket Nos. 25, 35 & 40.

IT IS SO ORDERED.

Dated: September 15, 2014



SUSAN ILLSTON
United States District Judge